



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2706
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
ACTING AUDITOR-CONTROLLER

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January 8, 2009

TO: Supervisor Don Knabe, Chairman
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FROM: Wendy L. Watanabe *Wendy L. Watanabe*
Acting Auditor-Controller

SUBJECT: **LOS ANGELES URBAN LEAGUE, INC., CITY OF POMONA
CONTRACT REVIEW – A COMMUNITY AND SENIOR SERVICES
WORKFORCE INVESTMENT ACT PROGRAM PROVIDER – FISCAL
YEAR 2007-08**

We completed a program, fiscal and administrative contract compliance review of Los Angeles Urban League, Inc., City of Pomona (Urban League – Pomona or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with Urban League – Pomona, a private non-profit organization to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The types of services provided by the Agency include occupational skills training, job placement and career planning. The Agency is located in the First District.

Urban League – Pomona was compensated on a cost reimbursement basis with a contract for \$684,203 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether Urban League – Pomona complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, Urban League – Pomona provided the program services to eligible participants and maintained sufficient control over its business operations. In addition, the Agency's expenditures were generally allowable, properly documented and accurately billed. However, the Agency did not implement six (30%) of the 20 recommendations contained in our prior year's monitoring report, including not repaying CSS \$38,977.

Details of our review along, with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Urban League – Pomona and CSS on November 5, 2008. In their attached response, the Agency concurred with our findings and recommendations and indicated they will repay CSS \$734. Their response also indicates that they are working with CSS to resolve repaying the remaining \$38,243 (\$38,977 - \$734).

We thank Urban League – Pomona for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Trevor Ware, Chief Operation Officer, Los Angeles Urban League, Inc., City of Pomona
Irving A. Miller, Chairperson, Los Angeles Urban League, Inc., City of Pomona
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
LOS ANGELES URBAN LEAGUE, INC. – POMONA
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Los Angeles Urban League, Inc. – Pomona (Urban League – Pomona or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 20 (21%) (ten adults and ten dislocated workers) of the 96 participants that received services from July 2007 through May 2008 for documentation to confirm their eligibility for WIA services.

Results

All 20 participants sampled met the eligibility requirements for the WIA programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (21%) participants that received services from July 2007 through May 2008. We also interviewed nine participants.

Results

The nine participants interviewed stated that the services they received met their expectations. In addition, Urban League – Pomona provided the services in accordance with the County contract and WIA guidelines.

Recommendation

There are no recommendations for this section.

PERFORMANCE OUTCOME REVIEW**Objective**

Determine whether Urban League – Pomona met the planned performance outcomes as outlined in the County contract and accurately report the performance outcomes to the Workforce Investment Board (WIB). The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes to the planned performance measures outlined in the County contract and the program activities reported on the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

Results

Generally, Urban League – Pomona accurately reported the performance outcomes to the WIB. In addition, Urban League - Pomona met all the FY 2007-08 County contract planned performance outcomes.

Recommendation

There are no recommendations for this section.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's April 2008 bank reconciliation.

Results

Urban League - Pomona maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 64 non-payroll expenditure transactions billed by the Agency for July 2007, August 2007 and April 2008, totaling \$54,718.

Results

Generally, Urban League – Pomona's expenditures were allowable, properly documented and accurately billed.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, Urban League – Pomona maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Urban League – Pomona's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 14 items purchased with WIA funds, totaling \$98,006.

Results

Urban League - Pomona safeguarded and used the equipment purchased with WIA funds for the WIA programs. In addition, the items were safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for seven employees totaling \$28,655 for August 2007 to the Agency's payroll records and time reports. We also interviewed one employee and reviewed the personnel files for all seven employees assigned to the WIA programs.

Results

Urban League – Pomona appropriately charged payroll expenditures to the WIA programs. However, Urban League – Pomona did not obtain criminal record clearances for three (43%) of the seven employees sampled or maintain proof of employability for four (57%) of the seven employees sampled. A similar finding was also noted during the prior years' monitoring reviews.

Subsequent to our review, Urban League – Pomona obtained criminal record clearances for the three employees and provided proof of employability for the four employees.

Recommendation

1. **Urban League – Pomona management ensure that a criminal record clearance is obtained for new employees and proof of employability is maintained in the employees' personnel files.**

COST ALLOCATION PLAN**Objective**

Determine whether Urban League – Pomona's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in July 2007, August 2007 and April 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Urban League – Pomona did not always allocate the shared facility space on an equitable basis as required. Specifically, Urban League – Pomona co-leased a 13,738 square foot facility starting February 2008. Based on the agreement between the Agency and the other organization, Urban League – Pomona occupied 1,750 (41%) of the 4,309 square feet in dedicated space and the other organization occupied 2,559 (59%) of the 4,309 square feet in dedicated space with the remaining 9,429 square feet as shared space. However, the agreement required both organizations to share space costs equally. The County contract requires contractors to allocate expenditures that benefit the programs on an equitable basis. However, allocating 50% of the shared space costs, instead of 41%, does not allocate the expenditures on an equitable basis. As such, Urban League – Pomona should consider amending the agreement to equitably allocate the shared space expenditures.

Recommendation

2. **Urban League – Pomona amend their space allocation agreement to reflect an allocation of space based on dedicated space.**

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2006-07 final close-out invoices for the WIA Adult and Dislocated Worker programs reconciled to the Agency's financial accounting records.

Verification

We traced Urban League – Pomona's FY 2006-07 general ledgers to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred in June 2007.

Results

Urban League – Pomona exceeded their FY 2006-07 WIA Dislocated Worker Program budget by \$734. The County contract requires contractors to request for reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts. A similar finding was also noted during the prior years' monitoring reviews.

Recommendations

Urban League - Pomona management:

3. **Repay CSS \$734.**
4. **Ensure that amounts billed to CSS do not exceed budgeted amounts.**

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on March 25, 2008.

Results

The prior year's monitoring report contained 20 recommendations. Urban League - Pomona implemented 14 recommendations. As previously indicated, the findings related to recommendations 1 and 4 contained in this report were also noted during our prior year's monitoring review. The remaining recommendations required the Agency to repay CSS \$38,977 and review the FY 2005-06 expenditures to ensure that the expenditures were appropriately allocated and billed to CSS, and repay CSS for any amounts overbilled as a result of inappropriate allocation of expenditures.

Urban League – Pomona management indicated that the Agency plans to implement the outstanding recommendations in FY 2008-09.

Recommendations

Urban League – Pomona:

- 5. Repay CSS \$38,977.**
- 6. Implement the outstanding recommendations from the prior year's monitoring reports.**



Los Angeles Urban League

November 14, 2008

Yoon Bae, CPA
Principal Accountant-Auditor
Department of Auditor-Controller
Countywide Contract Monitoring Division
Los Angeles World Trade Center
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071

Re: 2007-2008 Audit Response - Pomona

PAYROLL AND PERSONNEL

Recommendations

1. Urban League - Pomona Management ensures that a criminal record clearance is obtained for new employees and proof of employability is maintained in the employees personnel files.

Response

1. LAUL staff will update all employee files to ensure it contains all necessary documents. Our Human Resource Department will review and update all employee files as to satisfy this recommendation.

COST ALLOCATION PLAN

Recommendations

2. Urban League - Pomona Management consider amending the agreement equitably allocate the share space expenditures.

Response

2. LAUL will contact Goodwill to try to amend the agreement so that it reflects an allocation based on dedicated space.

CLOSE OUT REVIEW

Recommendations

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3450 Mount Vernon Drive, Los Angeles, CA 90008-4936
323.299.8660 Fax: 323.299.0618 www.laul.org
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Los Angeles Urban League

3. Repay CSS \$734

4. Ensure that Amounts billed to CSS do not exceed budgeted amounts.

Response

3. LAUL will repay \$734 to CSS

4. LAUL finance staff will review invoices monthly to ensure expenses do not exceed budgeted amounts. And if at anytime the expense exceed the budget we will submit a budget modification.

PRIOR YEAR FOLLOW UP

Recommendations

5. Immediately repay CSS \$38,977

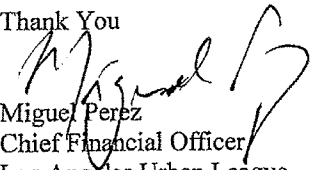
6. Implement the outstanding recommendations from the prior year's monitoring reports.

Response

5. LAUL is working with CSS to resolve this issue with having to repay the sum of \$38,977

6. LAUL is working with CSS to resolve all prior year recommendations. The results of implemented recommendations can be observed in our 2008-2009 monitoring.

Thank You


Miguel Perez
Chief Financial Officer
Los Angeles Urban League

MP:jm

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Robert D. Taylor
George B. Thompson
Denita Willoughby

cc: Dayle Coleman Director – Los Angeles Urban Pomona Worksource
Trevor Ware Chief Operations Officer – Los Angeles Urban League
Kyla Lee Controller – Los Angeles Urban League

50 Mount Vernon Drive, Los Angeles, CA 90008-4936
323.299.9660 Fax: 323.299.0818 www.laul.org
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